

## LNF & IHCIF Calculations Illustration

### - FOND DU LAC in Bemidji area -

#### Given Data

- 5,184 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 23% = % Expenditures on purchased services, 77% = % expenditures in-house
- 98.1% = Cost index for purchasing health care in this geographic area
- 112.1% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$672 per person for purchased services =  $23\% * 98.1\% * \$2,980$
- \$2,574 per person for in-house services =  $77\% * 112.1\% * \$2,980$
- \$3,246 per person total = \$672 (purchase) + \$2,574 (in-house)
- **\$3,438 per person total** adjusted for health status =  $\$3,246 * 105.9\%$
- **\$2,693 per person net cost** =  $\$3,438 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 5,184 users excluding wrap-around and collections)

- \$920 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,068 per person for OU users** =  $\$920 + \$94 + \$54$

#### LNF Calculation

- **31.1% Gross LNF** =  $\$1,068$  (expenditures) /  $\$3,438$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **39.6% Net LNF** =  $\$1,068 / \$2,693$  net cost ( $\$3,438 - \$745$  other)

#### IHCIF Allocation

- \$2,841,083 = \$ to raise LNF% from 39.6% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$99,097 Allocation** =  $\$2,841,083$  needed for 60% \* 3.488% IHCIF fraction

#### FOND DU LAC Unmet Needs

- **\$13,959,451 Net Total Need** = 5,184 users \* \$2,693 net cost
- **\$8,424,863 Net Unmet Need** =  $(100\% - 39.6\% \text{ LNF}) * 5,184 \text{ users} * \$2,693 \text{ net cost}$